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LAROSE & BOSCO, LTD.

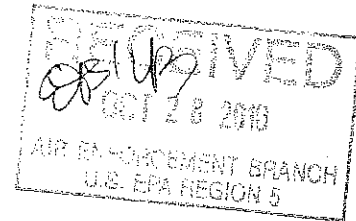
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October 28, 2010



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BY HAND DELIVERY

Ms. Kathleen Schnieders (C-14J)
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Blvd.
Chicago, IL 60604-3511

BY HAND DELIVERY

ATTN: Compliance Tracker (AE-17J)
Air Enforcement and Compliance
Assurance Branch
U.S. Environmental Protection Agency
Region 5
77 W. Jackson Blvd.
Chicago, IL 60604-3511

**Re: Metal Recycling Systems, Inc.
Docket No. CAA-05-2009-0037**

Dear Ms. Schnieders and Compliance Tracker:

Pursuant to the Supplemental Environmental Project outlined in the Consent Agreement and Final Order in the above-referenced matter, enclosed is Metal Recycling Systems, Inc.'s Intact Appliance Pilot Program Completion Report.

If you have any questions or require additional information, please do not hesitate to contact me. Thank you.

Very truly yours,

Mark A. LaRose

MAL/mk
Enclosures

cc: Metal Recycling Systems, Inc.

Intact Appliance Pilot Program

Completion Report

Metal Recycling Systems, Inc.

In accordance with the U.S. EPA Consent Agreement and Final Order dated September 22, 2009, Metal Recycling Systems, Inc. participated in a Supplemental Environmental Project that included the Intact Appliance Pilot Program from September 22, 2009 through September 22, 2010.

The program consisted of offering a financial incentive for customers to deliver refrigerators, air conditioning units or other refrigerant-containing appliances with the refrigerant line intact.

The program was multi-faceted. As an incentive to customers to keep the refrigerant lines intact, Metal Recycling Systems, Inc. increased the amount paid per load of scrap iron by \$10 per ton. The company advertises this rate increase by posting a bulletin at each scale where customers can clearly see it, and by employees notifying customers of the rate increase. Customers also were made aware of the program via word of mouth and by phone during calls for price inquiries.

When customers delivered refrigerant-containing appliances, procedures were (and still are) in place to ensure a separate inventory is maintained. All loads are inspected by an Iron Yard inspector at point of purchase; that inspector then segregates the refrigerant-containing appliances and notifies the Scale Operator that a refrigerant-containing appliance is being purchased.

The Scale Operator then fills out a Clean Air Act Verification Statement indicating the number of appliances purchased. The customer signs the statement to certify that the refrigerants were not evacuated and will be removed by a technician employed by Metal Recycling Systems, Inc.

The appliances are then prepared for processing by maintaining an inventory of refrigerant-containing units. The Iron Yard inspector then assists a technician from Rapid Recovery in the CFC removal process.

Records are maintained on a weekly basis to document how many units that contained refrigerants were purchased; how many units that had been previously evacuated were purchased; total units purchased and employee hours spent on the program for labor and recordkeeping.

Between September 22, 2009 and September 22, 2010, Metal Recycling Systems, Inc. purchased 2,740 units containing refrigerants; during that same time frame, 187 units that had previously been drained of refrigerants were purchased.

The financial incentive to customers seemed to have a positive impact on the amount of intact units purchased. In October of 2009, the first complete month of the program, 38 units were purchased that had previously been drained of refrigerants. The number of drained appliances purchased in subsequent months dropped significantly. In July of 2010, 4 drained units were purchased.

Metal Recycling Systems, Inc. contracted with Rapid Recovery to remove and dispose of refrigerants from units purchased. Metal Recycling Systems, Inc.'s cost for the service was \$24,504.50 for the one year period. During the program, the contract company removed 410 lbs. of mix and 358 lbs. of R-22 from the units.

Between Sept. 22, 2009 and Sept. 22, 2010, Metal Recycling Systems, Inc. spent \$67,907.50 on the program, which included the Rapid Recovery costs. Other costs included:

-\$8,696 on the incentive offer of an additional \$10 per ton of scrap purchased for loads containing units with refrigerants.

-\$30,755 on salary for an additional employee hired to help administrate the SEP. This Yard Inspector was responsible for inspecting units at point of purchase, segregating the refrigerant-containing appliances, notifying the Scale Operator that a refrigerant-containing appliance was being purchased, and assisting technicians from Rapid Recovery during the removal process.

-\$3,952 for recordkeeping costs, which accounted for two office employees spending two hours per week on the program by filling out Clean Air Act Verification Statements, maintaining an inventory of the statements, scheduling appointments with Rapid Recovery and other general recordkeeping.

In addition to these costs, Metal Recycling Systems, Inc. loses approximately \$4.50 per refrigerant-containing appliance totaling for the year \$10,228.50, as the low metal content does not compensate for the purchase price and processing costs.

Attachments to this Report are as follows:

1. Payment records from September 22, 2009 to September 22, 2010 for the three employees who administrated the program;
2. Invoices from Rapid Recovery and attached payment record sheets;
3. Clean Air Act Statistic sheet showing total intact units purchased vs. evacuated units purchased, plus a record of total units drained by Rapid Recovery;
4. Clean Air Act Verification Statement;
5. Summary Scale Purchases of Clean Air Act Sheet Iron from September 22, 2009 to September 22, 2010. This is the commodity for which MRS paid an additional \$10 per ton during the program;
6. Certification of report.

